

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF INDIANA-AMERICAN)
WATER COMPANY, INC. FOR APPROVAL OF)
PUBLIC FIRE PROTECTION SURCHARGE IN) CAUSE NO. 43605
LIEU OF DIRECTLY BILLED HYDRANT)
CHARGES IN THE CITY OF GARY IN LAKE) APPROVED:
COUNTY) JAN 14 2009

BY THE COMMISSION:

Jeffrey L. Golc, Commissioner

Lorraine Hitz-Bradley, Administrative Law Judge

On November 7, 2008, Indiana-American Water Company, Inc. ("Petitioner") filed its Verified Petition in this Cause. Pursuant to Ind. Code § 8-1-2-103(d), the City of Gary passed an ordinance requiring the costs of furnishing water for public fire protection to be charged to all customers of Indiana-American within the City. Therefore, Petitioner seeks approval of public fire protection surcharges within the City of Gary, Indiana ("Gary") in lieu of hydrant charges billed to the City of Gary. Pursuant to a notice duly given as provided by law, an evidentiary hearing was conducted on December 22, 2008, in the Judicial Courtroom 224 of the Commission. The Indiana Office of Utility Consumer Counselor ("OUCC") participated in the evidentiary hearing and did not oppose the relief requested.

Based upon all of the evidence, the Commission finds:

1. **Notice and Jurisdiction.** Due, legal and timely notice of the evidentiary hearing was given as provided by law. Petitioner is engaged in the provision of water utility service to the public in and around numerous communities throughout the State of Indiana, including in and around Gary, among others. As such, Petitioner is a public utility as that term is defined in Ind. Code § 8-1-2-1. The Commission has jurisdiction over Petitioner and the subject matter of this Cause.

2. **Petitioner's Evidence.** The Petition was verified by Petitioner's Manager of Rates and Regulation, Gary M. VerDouw. Mr. VerDouw stated that Gary has adopted Ordinance No. 8232, pursuant to Ind. Code § 8-1-2-103(d) ("Section 103"), providing that the costs for public fire protection shall be recovered through the basic rates of customers. Mr. VerDouw also sponsored revised tariff sheets to implement public fire protection surcharges within the corporate limits of Gary in lieu of hydrant charges billed to the municipality. The applicable tariff pages, Tariff I.U.R.C. No. W-17-N second revised pages 6 and 7 of 9, were attached to the Petition as Exhibit 2. In keeping with Petitioner's stated intention in Cause No. 41476, the proposed change would not apply outside the corporate limits. Petitioner's evidence included the workpapers supporting the calculations of the proposed fire protection surcharges. Mr. VerDouw stated that the proposed changes are revenue neutral. The surcharges have been calculated by dividing the revenues to be lost from elimination of hydrant charges to the City of Gary by the current number of equivalent 5/8-inch meters within Gary.

3. **Commission Findings.** Section 103(d) authorizes a change in the method of public fire protection cost recovery so as to implement a public fire protection surcharge in lieu of hydrant charges billed to the municipality if the appropriate ordinance is adopted by "the governing body of any municipality." If a municipality adopts an ordinance under I.C. 8-1-2-103(d) providing that charges for water for public fire protection purposes shall be included in the basic rates of all customers of the utility within the municipality, then the utility has an obligation to reflect this change in a new or revised schedule of rates and charges. Thereafter, the Commission is directed by the statute to approve the new or revised schedule of rates. We find Petitioner's proposal in this Cause is consistent with Section 103. Specifically, we find that Petitioner has calculated the resulting customer surcharges as required by Section 103(d), that such calculation is revenue-neutral and we approve the revised schedule of rates (Tariff I.U.R.C. No. W-17-N second revised pages 6 and 7 of 9).

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. Petitioner's request to implement customer surcharges, in lieu of hydrant charges billed to the City of Gary and applicable within the corporate limits of the City of Gary, shall be and hereby is approved.

2. Prior to placing in effect the public fire protection surcharge approved by this Order, Petitioner shall file with the Water/Sewer Division of the Commission a copy of its Tariff I.U.R.C. No. W-17-N second revised pages 6 and 7 of 9. The public fire protection surcharge shall be effective upon approval of the Water/Sewer Division.

3. This Order shall be effective on and after the date of its approval.

HARDY, GOLC, LANDIS, SERVER AND ZIEGNER CONCUR:

APPROVED: JAN 14 2009

I hereby certify that the above is a true and correct copy of the Order as approved.



Brenda A. Howe
Secretary to the Commission